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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA – SAN FRANCISCO DIVISION

IN RE KLA-TENCOR CORPORATION  
SECURITIES LITIGATION

Master Case No. C 06-4065 CRB

CLASS ACTION

**CONFIDENTIALITY STIPULATION AND  
~~PROPOSED~~ ORDER REGARDING  
CONFIRMATORY DISCOVERY  
MATERIALS**

The KLA Pension Fund Group, comprised of the Police and Fire Retirement System of the City of Detroit (“PFRS”), the Louisiana Municipal Police Employees’ Retirement System (“MPERS”), and the City of Philadelphia Board of Pensions and Retirement (“Philadelphia”) (collectively, “Lead Plaintiffs”), by and through their counsel Berman DeValerio Pease Tabacco Burt & Pucillo; Kohn, Swift & Graf, P.C.; Berger & Montague, P.C.; and Trujillo Rodriguez & Richards LLC as Co-Lead Counsel (collectively, “Lead Counsel” or “Plaintiffs’ Lead Counsel”), and KLA Corporation (“KLA”), by and through their counsel Morgan, Lewis & Bockius LLP (collectively, “KLA counsel”), hereby stipulate and agree, pursuant to Federal Rule of Civil Procedure 26(c), to this Confidentiality Agreement and Order (“Agreement”) in *In re KLA-Tencor Corporation Securities Litigation*, Case No. C 06-4065 (“Litigation”) pending in the

Stipulation And [Proposed] Order Regarding  
Confirmatory Discovery Materials  
(06-4065 CRB)

1 United States District Court for the Northern District of California (the “Court”).

2 Lead Plaintiffs, through Plaintiffs’ Lead Counsel, and KLA, through KLA counsel,  
3 reached an agreement in principle for the settlement of the Litigation, on the terms set forth in a  
4 Memorandum of Understanding signed on January 4, 2008 (the “MOU”); the proposed settlement  
5 is subject to Court approval.

6 In light of both the MOU, which outlines the general terms of the proposed settlement and  
7 is intended to serve as the basis for a Stipulation of Settlement and accompanying papers  
8 (collectively, the “Stipulation of Settlement”), and the Stipulation of Settlement currently being  
9 drafted, Lead Plaintiffs and Plaintiffs’ Lead Counsel and KLA and KLA counsel have agreed that  
10 certain materials shall be produced as confirmatory discovery solely for the purpose of evaluating  
11 the settlement value of claims and potential claims against the Defendants in the Litigation. KLA  
12 contends that all materials produced in this action as part of this confirmatory discovery are  
13 confidential and proprietary in nature requiring protection and limitation as to use:

14 IT IS HEREBY AGREED:

15 1. **Confirmatory Discovery Material.** All discovery documents previously  
16 produced in connection with the Litigation settlement discussions shall be considered  
17 Confirmatory Discovery Material. Documents produced by KLA to Lead Plaintiffs hereafter in  
18 connection with Lead Plaintiffs’ confirmatory discovery requests shall be considered  
19 Confirmatory Discovery Material. Additionally, the following shall also be considered  
20 Confirmatory Discovery (1) a list of all stock option grants KLA determined through its  
21 restatement had incorrect measurement dates, were retroactively priced, or otherwise improperly  
22 granted, and (2) a proffer of evidence as to the awareness, if any, of management or KLA’s board  
23 members of these acts or practices. Confirmatory Discovery Material shall also include any  
24 information copied or extracted from such documents, as well as copies, excerpts, summaries, or  
25 compilations thereof.

26 2. **Use of Confirmatory Discovery Material.** Except as set forth in Paragraph 9  
27 below, all Confirmatory Discovery Material described in Paragraph 1 above, and any information  
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1 contained therein or derived therefrom, shall be used only in this action and no other litigation or  
2 proceeding; shall be used solely for the purpose of evaluating the settlement value of claims and  
3 potential claims against the Defendants in the Litigation and the accuracy of any representations  
4 made in connection with the settlement, and for no other purpose; and shall not be disclosed to  
5 anyone, except counsel in this action, non-testifying consultants in this action who are bound to  
6 preserve the confidentiality of such materials, or Jonathan B. Marks of MarksADR, the mediator  
7 jointly designated by Lead Plaintiffs and KLA, provided that nothing herein shall preclude Lead  
8 Counsel from disclosing Confirmatory Discovery Material or its contents to any Lead Plaintiff,  
9 subject to such Lead Plaintiff's agreement in writing to be bound by this Stipulation.  
10 Confirmatory Discovery Material may not be used to draft an amended complaint, pleading, or  
11 other court filing or for any purpose other than evaluating the settlement value of claims and  
12 potential claims against the Defendants and the accuracy of representations made in connection  
13 with the settlement in the Class Action Litigation. No Confirmatory Discovery Material may be  
14 filed with the Court or attached as exhibits to any complaint or form the basis of any complaint.  
15 Notwithstanding anything to the contrary contained herein, Confirmatory Discovery Material may  
16 be disclosed to the Court *in camera*, if necessary to support the proposed settlement, the plan of  
17 allocation or the fee application of Lead Counsel.

18       **3. Return and/or Destruction of Confirmatory Discovery Material.** Within thirty  
19 (30) days after the settlement agreement has been approved by the Court and the Effective Date  
20 has occurred and all matters relating to the plan of allocation, the settlement, and fees and  
21 expenses are finally resolved, all Confirmatory Discovery Material and copies thereof, including  
22 Confirmatory Discovery Material in the hands of non-testifying consultants, shall either be  
23 returned to counsel of record for the producing party or destroyed. All Plaintiffs' Lead Counsel's  
24 and Lead Plaintiffs' non-testifying consultants' internal work product that contain Confirmatory  
25 Discovery Material, including copies, excerpts, summaries, or compilations thereof, shall be  
26 destroyed, or the Confidential Confirmatory Discovery Material deleted therefrom. Plaintiffs'  
27 Lead Counsel shall certify in writing within (30) days after the settlement agreement has been  
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1 approved by the Court and the Effective Date has occurred and all matters relating to the plan of  
2 allocation, the settlement, and fees and expenses are finally resolved that such documents have  
3 been returned or destroyed, or the Confidential Confirmatory Discovery Material deleted  
4 therefrom.

5       4.     **No Waiver of Privileges or Protections from Disclosure.** KLA and Lead  
6 Plaintiffs agree that the Confirmatory Discovery Material includes voluminous electronic data,  
7 collected pursuant to various search terms applied to numerous custodians of data. All parties  
8 acknowledge that, while KLA is making appropriate effort to identify and withhold from  
9 production any documents that KLA believes are privileged or otherwise protected from  
10 disclosure, given the large volume and nature of the material being exchanged and the time-frame  
11 in which it is being produced, there is a possibility that privileged or otherwise protected material  
12 may be produced inadvertently. Accordingly, in order to facilitate the production of  
13 Confirmatory Discovery Material and in furtherance of the parties' joint interests in connection  
14 with the Stipulation of Settlement, Lead Plaintiffs and KLA understand and agree that, to the  
15 extent that the Confirmatory Discovery Material may include materials subject to the attorney-  
16 client privilege, work product doctrine or other applicable privilege or protection from disclosure,  
17 the production of such Confirmatory Discovery Material is not intended to, and shall not, waive  
18 or diminish in any way the confidentiality of such material or its continued protection under the  
19 attorney-client privilege, work product doctrine or any other applicable privilege or protection  
20 from disclosure. The parties further agree that, if KLA at any time notifies Lead Plaintiffs that  
21 any Confirmatory Discovery Material is subject to a claim of privilege or other protection from  
22 disclosure, or if Lead Plaintiffs discover that such material has been inadvertently produced, Lead  
23 Plaintiffs shall return the specified information, testimony, or documents and any copies they  
24 have, to KLA within five (5) business days of receipt of such notice or discovery and shall not use  
25 or disclose such items for any purpose. Additionally, the parties agree that any failure by KLA  
26 either to provide notice to Plaintiffs' Lead Counsel that particular Confirmatory Discovery  
27 Material is subject to a claim of privilege or other protection from disclosure or to request the  
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1 return of such Confirmatory Discovery Material will not waive the claim of privilege or other  
2 protection from disclosure as to that Confirmatory Discovery Material.

3       5.     **Information Not Subject to the Terms of this Agreement.** This Agreement has  
4 no effect upon, and shall not apply to, a party's use or disclosure of its own privileged or  
5 otherwise protected information for any purpose. Nothing contained herein shall impose any  
6 restrictions on the use or disclosure by a party of documents, information or material obtained  
7 lawfully by such party independently of this Agreement.

8       6.     **Entire Agreement.** This Agreement contains the entire agreement between Lead  
9 Plaintiffs and KLA regarding its subject matter.

10       7.     **Execution.** This Agreement may be signed in counterparts, each of which shall be  
11 deemed an original but all of which shall be deemed to constitute a single instrument.

12       8.     **Jurisdiction.** All persons who have access to information or material produced  
13 according to this Agreement acknowledge that they are bound by this Agreement and submit to  
14 the jurisdiction of this Court for purposes of enforcing this Agreement.

15       9.     **Survival.** Final termination of this proceeding shall not terminate the limitations  
16 on use and disclosure imposed by this Agreement, which shall remain in effect until the parties  
17 agree otherwise or the Court otherwise directs provided, however, that nothing herein limits Lead  
18 Plaintiffs' ability to use any designated Confirmatory Discovery Material that is subsequently and  
19 independently produced in discovery in later proceedings.

20       10.    **Preservation of Discovery and Termination Provision.** In the event that the  
21 settlement of the Action is not approved or is otherwise terminated in accordance with the MOU  
22 or Stipulation of Settlement, nothing in this Stipulation shall preclude Lead Counsel from  
23 hereafter seeking any documents or information from defendants, or preclude defendants from  
24 objecting to any request by Lead Counsel for such documents or information, in accordance with  
25 the Federal Rules of Civil Procedure and the Private Securities Litigation Reform Act of 1995.  
26 Nothing in this Stipulation shall affect the  
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1 preservation obligations of any party under Section 21D(b)(3)(C) of the Exchange Act, 15 U.S.C.  
2 §78u-4(b)(3)(C).

3 IT IS SO STIPULATED:

4 DATED March 6, 2008

MORGAN, LEWIS & BOCKIUS LLP

5  
6 By: /s/  
Joseph E. Floren

7 **Attorneys for Defendants KLA-Tencor**  
8 **Corporation, Edward W. Barnholt, H. Raymond**  
9 **Bingham, Robert J. Boelke, Robert T. Bond,**  
10 **Richard J. Elkus, Jr., Jeffrey L. Hall, Stephen P.**  
11 **Kaufman, John H. Kispert, Michael E. Marks,**  
12 **Dean O. Morton, Lida Urbanek and Richard P.**  
13 **Wallace**

14 DATED: March 6, 2008

15 **BERMAN DEVALERIO PEASE**  
16 **TABACCO BURT & PUCILLO**  
17 **JOSEPH J. TABACCO, JR.**  
18 **CHRISTOPHER T. HEFFELFINGER**  
19 **NICOLE LAVALLEE**  
20 **LESLEY HALE**

21 By: /s/  
Nicole Lavallee

22 425 California Street, Suite 2100  
23 San Francisco, CA 94104-2205  
24 Telephone: (415) 433-3200  
25 Facsimile: (415) 433-6382

26 **Plaintiffs' Executive Committee and Liaison**  
27 **Counsel**

28 **KOHN, SWIFT & GRAF, P.C.**

Denis F. Sheils  
Joseph C. Kohn  
William E. Hoese  
One South Broad Street, Suite 2100  
Philadelphia, PA 19107  
Telephone: (215) 238-1700  
Facsimile: (215) 238-1968  
Email: dsheils@kohnswift.com  
Email: jkohn@kohnswift.com  
Email: whoese@kohnswift.com

**BERGER & MONTAGUE, P.C.**

Sherrie R. Savett  
Gary E. Cantor  
Douglas M. Risen  
1622 Locust Street  
Philadelphia, PA 19103  
Telephone: (215) 875-3000  
Facsimile: (215) 875-4604  
Email: [ssavett@bm.net](mailto:ssavett@bm.net)  
Email: [drisen@bm.net](mailto:drisen@bm.net)

**TRUJILLO RODRIGUEZ & RICHARDS LLC**

Kenneth I. Trujillo  
Ira Neil Richards  
Kathryn C. Harr  
1717 Arch Street, Suite 3838  
Philadelphia, PA 19103  
Telephone: (215) 731-9004  
Facsimile: (215) 731-9044  
Email: [KITrujillo@trrlaw.com](mailto:KITrujillo@trrlaw.com)  
Email: [ira@trrlaw.com](mailto:ira@trrlaw.com)  
Email: [kharr@trrlaw.com](mailto:kharr@trrlaw.com)

**Plaintiffs' Executive Committee**

**IT IS SO ORDERED:**

Dated: March 7, 2008

